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Serbia

Grain and Feed

Update of corn and corn seed market

2004

Approved by:

Hassan F. Ahmed

U.S. Embassy

Prepared by:

Hassan F. Ahmed

Zlatko Jovanovic

Report Highlights:

Corn production in Serbia in 2004 is estimated at about 6.3 million MT, the highest production in the past decade. With this huge crop, Serbia will have available for exports over 1.1 million MT. The Ministry of Agriculture has recently launched an initiative to eliminate the corn export quota to help Serbian farmers export their surplus crop. Commercial corn seed production in 2004 is estimated to be about 22,000 MT, with Pioneer Hi-Bred Company gaining a relatively significant share in a market that until recently was dominated by two state-owned seed producers.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Belgrade [YU1]
[SR]

Production

With 90 percent of the crop harvested, the Serbian Ministry of Agriculture estimates that total corn production in 2004 will reach 6.3 million MT, the highest production in Serbia in the past decade. Area planted to corn is estimated to be about 1.2 million HA, with average yield around 5.2 MT/HA. Industry sources put area and production figures at even much higher levels than that of the Ministry of Agriculture. They estimate the total area planted to be about 1.3 million HA, the average yield about 5.5 MT/HA and total corn production to be around 7 million MT in 2004.

Area planted to corn represents almost 40% of total field crop area in Serbia. About 90 percent of the crop is produced by private small and medium size farmers, while the remaining 10 percent is produced by several large private and state companies. Both the Ministry of Agriculture and industry sources report good quality corn for the 2004 crop, with very satisfactory moisture content and other quality indicators. Due to wet weather conditions in October, corn harvest has been significantly delayed which lead to late planting of the upcoming wheat crop. This could have a large negative impact on the average yield of the 2005 wheat crop.

PSD Table						
Country	Serbia and Montenegro					
Commodity	Corn				(1000 HA)	(1000 MT)
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2002		10/2003		10/2004
Area Harvested	1200	1196	1200	1200	1300	1202
Beginning Stocks	554	554	1004	1108	354	328
Production	5500	5585	3800	3828	6200	6274
TOTAL Mkt. Yr. Imports	0	0	50	0	0	8
Oct-Sep Imports	0	0	50	0	0	8
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	6054	6139	4854	4936	6554	6610
TOTAL Mkt. Yr. Exports	200	331	50	158	600	1100
Oct-Sep Exports	200	331	50	158	600	1100
Feed Dom. Consumption	4600	4550	4200	4200	4700	4700
TOTAL Dom. Consumption	4850	4700	4450	4450	4950	4950
Ending Stocks	1004	1108	354	328	1004	560
TOTAL DISTRIBUTION	6054	6139	4854	4936	6554	6610

Consumption and Trade

Serbia-Montenegro is a net exporter of feed corn. Domestic consumption requirements are currently estimated at about 4.7 million MT annually. Most farmers store the corn in simple wooden barns to be "naturally dried" as they feed their animals through the season. In a normal year, Serbian corn exports range between 200 and 400 thousand MT annually.

Extreme weather conditions, however, can significantly disrupt these trends. For example, due to severe drought conditions in Marketing Year 2001 Serbia had to import 206 thousand MT of feed corn to satisfy domestic consumption needs. Serbian corn imports in that year came mostly from Hungary, Brazil and Paraguay.

In Marketing Year 2003, Serbia exported about 158,000 MT mostly to its traditional importers that include Bosnia and Herzegovina, Macedonia and Greece. The Romanian Black Sea port of Constanza is a transitional destination for Serbian corn export to the Middle Eastern and North African Countries. With the huge corn crop in 2004, Serbia could have available for exports over one million MT. Given the limitations in Serbia's export infrastructure and the small corn inventory from the previous year, it is unlikely that Serbian corn exports would reach the stated goal of 1.1 million MT. On November 4, 2004 the Ministry of Agriculture launched an initiative to eliminate export quotas for wheat and corn to help Serbian farmers export their surplus crops. The Ministry of International Economic Relations must, however, approve the initiative before it becomes effective.

According to the Yugoslav Grain Fund, Serbian corn is offered in the Black sea port of Constanza at about \$110 MT/fob. Currently, local prices of mechanically dried corn at the Serbian commodity exchange vary between \$88 and \$95 MT and analysts project prices to decline in the coming weeks. Serbian trade sources expect corn exports to significantly pick up during November 2004.

Export Trade Matrix					
Country	Serbia and Montenegro			Units:	MT
Commodity	Corn				
Time Period	Jan-Dec 2000	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Aug 2004
Exports for:					
U.S.	0	0	0	0	0
Others	0	0	0	0	0
Bosnia and Herzegovina	18,389	0	77,320	54,077	14,502
Macedonia	7,942	4,963	44,889	36,560	4,084
Greece	0	0	0	32,457	0
Spain	0	0	38,713	11,326	0
Albania	0	0	0	6,701	0
Romania	56,749	0	56,215	0	0
Cyprus	54,863	0	50,858	0	0
Russian Federation	20,800	0	0	0	0
Total for Others	158,743	4,963	267,995	141,121	18,586
Others not Listed	6,553	104	62,700	16,456	31
Grand Total	165,296	5,067	330,695	157,577	18,617

Serbian Seed Corn Market

Up until 2002, two state-owned research institutes that function as producers and distributors of seeds have controlled the Serbian seed industry. These two agencies, the Institute for Field and Vegetable Crops of Novi Sad (NS Hybrids) and the Maize Research Institute of Zemun Polje (ZP Hybrids), equally controlled the Serbian corn seed market with 50 percent each. Although Pioneer Hi-Bred Company entered the Serbian market in 1996, it was not a significant player in that market until 2002. In 2003, Novi Sad and Zemun Polje Institutes together produced about 19,000 MT, while Pioneer Hi-Bred produced about 1,300 MT. Another German company, KWS of Serbia-Montenegro, has recently entered the market and produced only 200 MT seed corn.

Serbian analysts estimate the total commercial corn seed requirements to be about 23 to 26 thousand MT annually, depending on the seed varieties used and the area planted to corn in a given year. For 2004, total commercial seed corn production is estimated to be close to 23,000 MT, of which Pioneer is projected to produce 3,250 MT (150 percent increase over 2003) while both Novi Sad and Zemun are still projected to have almost 90 percent of total seed corn production. Pioneer is by far the most efficient seed corn producer in Serbia, with an average yield per hectare of over 2.5 MT. Pioneer's share of the Serbian corn seed market is estimated at 9 percent and is projected to grow further in the next few years.

Commercial Production of Seed Corn in Serbia in 2004

Producer/Company	Market Share	Hybrids Produced
Institute for Field and Vegetable Crops – Novi Sad	47 %	NS 640, Zenit, Radan, NS 6010, NS 300, NS 444
Maize Research Institute – Zemun Polje	42 %	ZP 677, ZP 704, ZP 599, ZP 434
Pioneer Hi-Bred, Serbia and Montenegro	9 %	Florencia, Colomba, PR34B23, PR35R57, Pregia, PR34F02
KWS, Serbia and Montenegro	< 2 %	Luce, Mikado